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**Montana Senate  
Public Health, Welfare and Safety Committee  
January 14, 2009**

**New West Health Services**

**Overview**

David Kibbe, Chief Executive Officer and President, since September 2006  
(resume separate)

Health service corporation licensed in Montana and sponsored by Billings Clinic, St. Peter's Hospital in Helena, Missoula Community Medical Center, Northern Montana Hospital in Havre, Bozeman Deaconess Hospital and Benefis Healthcare in Great Falls

100 Montanans employed. Headquartered in Helena, Operations Center in Kalispell, field offices in Billings and Missoula

\$5.5 million annual payroll

43,000 members as of 1/1/09 including fully-insured individuals and employer groups, federal employee program, self-funded and Medicare Advantage PPO

\$115 million in premium and equivalent revenues for 2008

\$99 million in premium and equivalent revenues for 2007

\$95 million in total provider disbursements for 2008

\$81 million in total provider disbursements for 2007

**I. David Kibbe**  
**President and CEO, New West Health Services**

Professional overview: healthcare leader and businessperson with track record of growth and innovative program development and implementation, particularly working with physicians and other medical professionals, hospitals and health plans in competitive markets. Commercial, self-funded, Medicare and Medicaid experience.

**POSITIONS**

**New West Health Services**

**President and CEO, September 2006 to Present**

New West is a \$115 million diversified health plan serving fully-insured, self-funded and Medicare Advantage members. It is owned by six community hospitals and integrated systems in Montana.

**IBA Health Plans and PHP of SW Michigan**

**President and CEO, 2001 to July 2006**

IBA Health Plans is a \$170 million, performance oriented, health plan owned by a large regional health care system, Bronson Healthcare Group. IBA/PHP encompassed commercial insured, self-funded and Medicaid business. Grew membership by 40% after years of decline and improved staff productivity by 35%. 2005 Malcolm Baldrige Award Winner

**Florida Health Choice**

**President and CEO, 1999-2003**

Responsible for growing and stabilizing provider-owned \$160 million health plan with Medicare, Medicaid and Commercial members.

**EDUCATION**

**Wharton Graduate School of Business, University of Pennsylvania**

**Philadelphia, Pennsylvania, MBA, Health Care Administration and Financial Management, 1980**

- Kaiser Family Foundation Award. Taught undergraduate accounting to minority students as part of Wharton outreach program. Wharton Healthcare Alumni Association participant.

**Drexel University**

**Philadelphia, Pennsylvania,**

**BS in Business Administration, Accounting and Labor Relations, 1978**

**OTHER PROFESSIONAL**

- American College of Health Care Executives, Faculty, "Improving Your Managed Care Position"
- Wharton Graduate Program in Health Care, Instructor, "Managed Care"
- Physician Empowerment Through Capitation, Aspen Publications, January 2000.
- Health Services for Children(HSC) Foundation and Network, Washington, D.C., Board Member, 2000 – 2007, Board Chair, 2004 to present

**PERSONAL**

Married with three children, one hearing impaired. Youth coach, basketball and soccer. Active as a Boy Scout Leader, Eagle Scout Advisor, High Adventure. Enjoy family recreation, camping, biking, skiing and golf.

**Other Professional Positions**

**Inova Health System**

**Senior Vice President, and President, Regional Managed Care Organization, 1995 – 1998**

Accountable for leadership and development of regional managed care organization within \$1 billion + organization, involving diverse physician ventures.

**PacifiCare Health Systems**

**Regional Vice President and CEO, Subsidiary, 1991-1995**

Responsible for the development and operation of Pacificare's expansion into Florida. President of successful \$200M + operation in Oklahoma involved in Commercial, Medicare and Medicaid.

**Towers Perrin**

**Senior Consultant, 1988 - 1991**

Specialized in the design, implementation and evaluation of health care cost management strategies on behalf of Fortune 500 clients. Developed a comprehensive, definitive and replicable approach to evaluating managed care networks on behalf of large employer clients, and implemented approach on nationwide basis. National and regional clients included AT&T, Aramark, Shell Oil, and Lukens Steel.

**Maxicare Health Plans Inc.**

**Regional Vice President, 1985 - 1988**

Management and operational responsibility for six plans in four states, including three HealthAmerica Plans, constituting \$400M + in business volume and covering 350,000 members. Executive Director of Maxicare Louisiana, a rapid start-up that grew to 80,000 members in less than two years. Opportunity included renegotiating a critical \$130M contract with the Pennsylvania Department of Public Welfare, enabling a large managed care program to operate in a much improved financial context.

**Blue Cross and Blue Shield of Florida**

**Director, Institutional Reimbursement, 1983-1985**

Managed technical staff responsible for data collection, rate review, new program design, and policy analysis related to hospital payment. Directed planning and development of DRG-based hospital reimbursement program, implemented for all Florida hospitals. Developed a statewide PPO hospital program. Revamped voluntary hospital rate review program, designed improved methodology and achieved approval by hospital industry throughout the state.

**Robert Wood Johnson Medical Center**

**Assistant to Executive Vice President, 1980 - 1983**

Staff assistant to COO of major teaching hospital working with physicians to establish new programs in the areas of Ob-Gyn, Psychiatry, Trauma, and Pediatrics. Served as interim Director of Planning and interim Budget Director.

**Education-Related Work Experience**

**University of Pennsylvania Health System, 1978 - 1980**

**Jefferson Medical College, 1975 – 1977**



## **NEW WEST HEALTH SERVICES**

### **Montana State Senate Public Health, Welfare and Safety Committee**

**New West Testimony  
David Kibbe, CEO  
January 14, 2009**

- Personal Introduction – I am David Kibbe and I am the CEO of New West Health Services. I have been involved in health care for more than thirty (30) years. I have worked in Emergency Rooms and Operating Rooms and in physician offices. I am married to a nurse and the son of a nurse. I have worked as a hospital administrator and physician practice administrator but for most of my career, I have worked with provider groups that sponsor health plans like New West Health Services.
- New West Health Services, is a Montana Health Services Corporation. We are not-for-profit. We are sponsored by six non-profit hospitals, the Billings Clinic, St. Peter's Hospital, Community Medical Center, Northern Montana Healthcare, Bozeman Deaconess Hospital and Benefis. We work actively with our provider sponsors as partners, on behalf of our members and their patients, to make a positive impact on the delivery and financing of health care in the State of Montana.
- New West Health Services serves more than 43,000 Montanans as members. We are a \$115 million organization with 100 employees, all based here in Montana. Our primary office is here in Helena but we have our Operations Center in Kalispell and field offices in Billings and Missoula. I am supported by a capable, dedicated management team. Two of those leaders, who you likely know are with us today, Dr. Bob Shepard, our medical director and a long standing, respected physician, and Tanya Ask, our Vice President of External and Provider Relations.
- Our mission at New West is *to connect people to good health care in a simplified way*. We view health insurance as a financing tool to ensure coverage, not an end in itself. New West actively works with providers, employers, and individuals to connect people to good health care and we use a variety of means to do that.
- Health care and our health in this nation is not where it should be and I believe that we can do much better. We have great resources, dedicated health care professionals, exceptional technology, good hospitals but we are not putting it together in an effective

system of care for people. The respected, Rand Corporation study of several years ago highlighted that we may be providing more than 30% unnecessary care in this country while there is 10% to 15% of essential primary and preventive care that is not provided.

- We cannot continue to apply the same approaches to health care delivery and financing that we have used for decades, and expect different outcomes related to quality, access and cost. New West is committed, in concert with others, to work to find new and better ways to deliver and pay for health care in Montana and in the United States.
- With that in mind, I would like to quote a doctor of another kind. Dr. Seuss writes, *"Think left and think right, and think low and think high, oh the things we can think up, if only we try."* I am encouraged, that over the past several years, I have seen truly fundamental thinking changes and resulting action from progressive people in health care, some of them right here in Montana. They are thinking quite differently about the models of care, access to care, teamwork, information sharing, incentives and practical behavior. This changed thinking is very necessary.
- I am concerned about the health care picture in our nation and the state of Montana. But I wake up every day, thinking more specifically about what we can do at New West to positively impact the quality and cost of healthcare by what we do on behalf of our 43,000 members. We hope that what we do, then has a broader impact on others as well. That is what I would like to touch upon very briefly by highlighting some of the many initiatives that we have underway.
- **Quality**
  - Post myocardial infarction (MI) patient understanding of medications – partnership with the U. of MT School of Pharmacy that leads to improved patient compliance and avoidance of missing medications (e.g. beta blocker)
  - Education and follow-up with hypertensive patients in partnership with the Department of Public Health and Human Services
  - Annual vision exam put into our core medical benefit at no additional cost so that the incidence of glaucoma, hypertension and macular degeneration, among other diseases, is picked up in an easier environment for some (optometrist vs. physician)
  - Developing, in concert with our wellness partner, the capacity for our members to develop and utilize their own Personal Health Record (PHR) for continuity and completeness of information
  - Creating incentives for medical groups to expedite their implementation of Electronic Health Records (EHR)
  - Pursuing organizational excellence by becoming accredited by the National Committee on Quality Assurance (NCQA) which is the highest standard in our industry
  - Paying for prenatal vitamins to identify pregnant Mom's to monitor the quality of their prenatal care

- **Access**

- Increase payments to primary care physicians disproportionate to other fees
- Implement bonus programs that connect primary care physicians to chronic patients for follow-up
- Surveying our members as to why they did not seek preventive or other essential services so that we can reduce barriers to their receiving care
- Changing our benefit design as of January 1, to pay for mammograms, colonoscopies and other preventative screenings at 100% to eliminate cost barrier to prevention
- Scholarships for Montanans pursuing health care related education and probable careers in Montana. Yesterday, we honored our first ten recipients, two of whom are working to be Advanced Practice Nurses, two plan to become physical therapists and the others are pursuing nursing or other health care careers
- Partnership with the National Federation of Businesses (NFIB) that started in 2008 that enables us to pool the experience of small businesses together to make health care more affordable. We have worked together to provide coverage to more than 200 businesses and 700 members already and expect that to grow to more than 5000 members over the next four years
- Simplifying bureaucratic insurance language so that our members can understand what we are saying in plainer English. Not using jargon like “par and non-par” or EOC’s and EOB’s, etc.

- **Cost**

- Paying for flu shots and working with hospital wellness units to provide shots to others
- Bringing up a new web capability, HealthEquity, in partnership with another company to improve member information, establish cost estimators, cost comparisons, electronic payment and statements, cost tracking, etc.
- Partnering with employers like our hospitals, Carroll College, the State of Montana in new wellness initiatives that involve health risk appraisals, programs, and incentives in an integrated manner (e.g. paying \$100 for every employee to do a health risk appraisal, improving benefits and premiums for lifestyle and health status changes)
- Introducing new products such as “My Health Protector Plan” that restructure benefits entirely to cover preventive care, primary care and chronic care very well
- Enhancing our health data analytic capabilities to enable maximum cost comparisons across the State among providers
- Negotiating high cost cases and highly variable cost items such as expensive implants that can cost \$30,000 to \$50,000 per case
- Partnering with physician groups such as the Western Montana Clinic, St. Peter’s Medical Group and the Billings Clinic in “Bridges to Excellence” to measure and reward physicians for high quality, cost effective care

- Conducting regular, informed and engaged Medical Services Steering Committee meetings that involve well qualified clinicians in discussions of the efficacy of care alternatives
  - Working with hospitals to establish equitable payment that is more prospective in nature and rewards them for improvements in cost and quality
  - Lowering our administrative costs as a percentage of our premium dollar to less than 12%. Process improvement, increased automation and greater system efficiency will enable this improvement from our current level of 13.5% of premium
  - In the debate about single payer vs. private health insurer, I would like to point out the relative efficiencies of private vs. public administration. Our 13.5% administrative expense ratio is largely based on the under-65 population which, in our case, costs on average \$270 per month per person. Medicare eligible people, for us cost on average \$670 per month per person, or 2.5 times the Commercial amount. If you use the same denominator and eliminate the MCHA (high risk pool) charge of 1% and sales commissions of 2.5% that are not in Medicare, you create a comparable comparison. Making those adjustments results in a fair, apples to apples comparison of our 4% administrative cost vs. Medicare's 3%. That 1% equates to \$20 billion nationally and is not unimportant but it pales in comparison to the estimated 30% over utilization reported by the Rand Corporation. That 30% reflects opportunity of \$600 billion in our \$2.2 trillion health care economy.
- I will conclude at this point. We believe that New West is playing an important role in shaping the delivery and financing of care in Montana as a not-for-profit, provider sponsored, Montana based and focused organization. A number of the initiatives that I have noted are at early stages but our intent is to grow and refine them, each and every day so that we can make a bigger and bigger impact, in a positive way for Montanans, their health care and their health. Thank you.